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U.S. Cotton Men In the Philippines

Livestock-Product Sales in Europe

Foreign Agricultural Service
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This week's cover:

Visits overseas by U.S. trade teams—like the group of cotton specialists shown examining screen printing in a Philippine textile mill—are one of the ways the United States carries the story of its agricultural commodities right to the customer's door.

Such teams generally include representatives from government, processors, growers and grower associations, and shippers. Together, these experts are well equipped to answer almost any question the foreign buyer can ask about the production and marketing of the commodity in the United States and about the most advantageous use that he and his business can make of it. Down-to-earth discussions of this kind not only help to keep the friends that U.S. farm products already have, but often win new friends.

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Stiff Competition Face

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Europe has long been the largest foreign market area for U.S. livestock and meat products, but its importance as an export outlet has nevertheless waned. And indications are that this loss of position could continue into the future, especially for animal byproducts, unless some major policy changes take place in Europe.

Trouble in the European market is pointed up by Japan's replacement of the European Community (EC) as the largest single foreign market for U.S. meat and livestock products in 1967. Moreover, total U.S. sales to Europe that year—at $155 million—were off $43 million from 1966, and they are estimated to have fallen another $12 million in 1968.

A number of significant changes within Europe contributed to these declines. Foremost has been the emphasis on livestock production, which has seen virtually every European country launch a program aimed at near self-sufficiency. These programs have been encouraged by the use of high farm support prices, along with a multitude of protective trade policies.

Farm programs and trade policies

Widespread use of farm programs and import schemes has insulated European producers from outside producing areas that are more efficient. Of top concern to the United States is the unified market for beef and pork in the European Community and the deficiency payment program in the United Kingdom which makes import prices in that market unattractive. Community imports from third countries are now governed by a system of unified import levies that bring the cost of imports at the border up to target prices set for domestic producers. The lack of trade barriers among member countries has strongly promoted specialization and intra-Community trade, while discouraging trade with third countries.

In addition, disposal of surpluses acquired through market intervention in the EC is aided by carefully planned export subsidies. The EC export subsidy program has already disrupted our market for lard in the United Kingdom; similar subsidies and export schemes can be found in other countries.

Another concern is that the Community's common agricultural policy for beef favors imports of live animals rather than meat products. The EC Commission grants sizable levy and duty concessions on imports of light-weight feeder calves, provided they are fed for 90 days or more, and a new proposal would grant fattening premiums of $4.55 for each additional 100 pounds of weight put on cattle. Although cattle feeding could boost the demand for U.S. feedstuffs, it will decrease demand for our beef and animal byproducts.

Finally, handling of livestock and meat products beyond the farm delivery point remains complex and inefficient in most of Europe. The high import charges and farm programs help protect this overextended marketing system, adding to the price European consumers must pay for livestock and

S. Livestock Product Sales to Europe

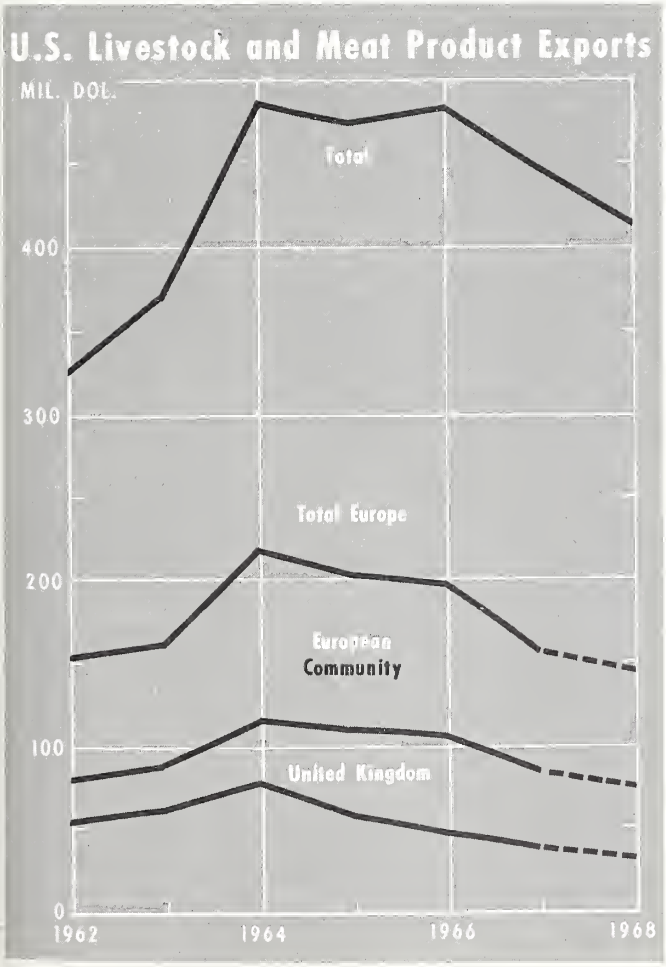
meat products. Resulting high prices tend to stifle consumer demand and in that way also inhibit imports.

In response to protective policies, livestock production in Europe jumped 30 percent between 1956-60 and 1967. Total meat output rose 4 percent between 1966 and 1967 alone and probably climbed another 2-3 percent in 1968. Some leveling off may occur in 1969, but the long-run trend is upward. Pigmeat and poultry production can probably be expanded enough to meet total demand by 1975, but it will be more difficult to expand beef output to meet demand. The continued beef deficit will be mainly in Western Europe.

Animal byproducts suffer

Europe's expansion in meat production has caused enough difficulty for exporters of red meat, but it has been even harder on shippers of animal byproducts—items that make up the bulk of U.S. meat and meat product exports. These byproducts have, in a sense, been victims of the affluent society. For while demand for red meats has grown at a phenomenal rate, that for byproducts has in some cases only inched upward, leaving surpluses and lower prices. As expected, export values have dropped more than volume.

The market for lard in Europe has probably been the most troublesome of all export outlets. Value of U.S. lard exports to Europe dropped from $60 million in 1964 to $13 million in 1967 and was probably down another $5 million in 1968. The EC—once a minor exporter of lard—is now a major supplier, mainly as a result of its export subsidy program. Because of that program, the United States has seen its share of the U.K. market—our major outlet—fall from about 80 percent to less than 30 percent. The EC export subsidy has been increased three times and is now 3.35 cents per pound, equal to about half the current Chicago quoted price for bulk prime steam lard.



To compete in this market, the United States has also been forced to resort to an export subsidy, which went into effect January 13. Earlier, the United States protested, both informally and formally, the EC subsidy as being contrary to the accepted rules of international trade, but this brought no results. Thus, it was felt that an export subsidy was the only approach left to regain this market. Sales in 1969 should be up sharply.

Attempts are also being made to differentiate U.S. lard from other lard in the British market. Studies have shown that American lard is preferred to other imported lards. The problem is that most of the product is shipped in bulk, packaged in the United Kingdom, and generally called English refined lard because home lard sells for more. The United States is looking into the possibility of pushing for full use of a new U.K. labeling law, which would require British packers to indicate the country of origin on the packages.

U.S. tallow sales to Europe have also dropped sharply, with value of exports falling considerably faster than quantity. In 1967, these shipments fell $15 million to $43 million, and in 1968 sales are expected to be down another $10 million. Larger supplies on the market have contributed to this, but tallow has also been dealt a severe blow by Europe's decreasing soap production and the ascendance of synthetic detergents.

Inedible tallow prices (fancy bleachable, Chicago) averaged about $4.80 per hundred pounds in 1968, the lowest level in years. And the price outlook is not encouraging as world supplies are expected to remain large: more grain-fed cattle are being produced, and larger volumes of boneless and primal cuts are moving in world trade, leaving more tallow for rendering.

Thus, the future for tallow sales to Europe depends largely on developing new outlets and uses for the product. There appears to be room for expansion in tallow's use as an ingredient in animal feeds, although relatively low prices are a necessity here. Expansion could also occur in industry use (e.g., waterproofing cement and agricultural sprays); however, this will be more difficult, and the volume of sales may not be as impressive as for tallow in feed.

From a trade policy point of view, some gains have been made concerning access to European markets, but there are still some vexing problems. The EC import duty on inedible tallow was reduced from 2 percent ad valorem to zero in the Kennedy Round negotiations, and the duty on edible tallow was lowered from 10 percent to 7—to be reduced over a 5-year period. However, much of the gain here has already

been offset by new veterinary inspection fees and a number of other taxes and duties. These charges become especially critical to the sale of a low-unit-value product like tallow. In addition, new import policies for the EC are expected to favor tallow and oil from the less developed countries.

Outlook better for hides and skins, variety meats

U.S. exports of hides and skins to Europe dropped sharply from $58 million in 1966 to $34 million in 1967. Not only was there a glut in the world market in 1967, but synthetic leather products were making a strong appearance in Europe at that time. Some recovery, however, occurred in 1968.

Europe is deficient in cattle hides and as the current cattle cycle levels off, both prices and exports are expected to go up. The duty on cattle hides into the EC is bound in GATT at zero; nevertheless, nontariff costs are high. East European countries also provided a good outlet for U.S. hides in certain years.

The outlook for variety meats—livers, tongues, hearts, kidneys, etc.—is somewhat more encouraging. Export sales in 1967 were off $4 million to $50 million—a much smaller decline than for the other products.

Europe is still a deficit producer and a great consumer of variety meats, which are used direct and in prepared sausages and other meat dishes. EC countries are the biggest buyers. The United Kingdom is also a large market, but preferential treatment to Commonwealth countries encourages imports from those areas.

Most important U.S. competition in continental Europe comes from Denmark, which has a decided edge in this area owing to its market proximity. It can put chilled variety meats on the fresh market, particularly in West Germany, and obtain higher prices. U.S. variety meats, on the other hand, must be frozen because of the shipping distance, and are therefore used mainly for processing. Also, West German inspection requires that livers be split to expose the bile duct, which means the U.S. livers must be thawed for import inspection, marring both quality and flavor.

Red meat exports to Europe have not been important in the past, and no substantial improvement is seen for the near future. Prospects for pork exports are dim because Europe is nearly self-sufficient in this product. The United States is attempting to establish a market in Europe for top-quality U.S. beef but has had a number of problems in getting this beef introduced. These difficulties include duties, levies, and taxes, as well as almost insurmountable veterinary restrictions. There is nonetheless a good potential for top-quality U.S. beef in Europe if better market access can be achieved.

Policy problems aired

Although the outlook is not too optimistic there still remains hope that the EC and other European countries will deviate from their protectionist courses. In fact, heated debates are now taking place within Europe regarding the merits of current farm programs and trade policies.

In the EC, one of the main concerns is that under the present system, needed structural reforms in livestock production are not taking place. Then, too, the cost of market interventions and dealing with unsalable surpluses has been increasing. In light of these mounting problems, not to mention consumer resistance, the EC will have difficulty increasing support prices for livestock above current levels. Stabilization of prices at more modest levels could help make the European market more accessible to third country suppliers. However, the new "butter-to-beef" policy in the EC is expected to continue to narrow import needs for many livestock and meat products in the Community.

Irish Grain Support Prices for 1969 Announced

Support price levels for feed barley grown in Ireland will be higher this year than last. The milling wheat support price will be the same, but payment will be in two stages instead of one—a payment on account made at the time of delivery and a final payment when the cost of disposing of any surplus millable wheat is known.

The new support prices were announced recently by Minister of Agriculture and Fisheries Neil T. Blaney. At the same time he announced that the floor price scheme for oats grown in the western counties will be continued this year; however, pricing arrangements for this scheme have not yet been given.

The large 1968 wheat crop was a mixed blessing; as a final result the government will need to find an additional $3.6 million for support payments, and the consumer will have to pay 1 cent more per 2-pound loaf of bread. The two-stage payment in 1969 will protect the Exchequer should a large crop be produced this year. The first payment will be two-thirds of the total amount due on the basis of support prices. If there is surplus millable wheat, a levy to help pay for surplus disposal will be subtracted from the final payment.

The government's standard support price for milling wheat during 1969 will be $84 per long ton for grain weighing 60 pounds per bushel at 20 percent moisture delivered to the purchaser's premises. Additions to this basic price or deductions from it will be made in accordance with variances in weight per bushel and moisture. Support prices will range from $75.12 per ton for wheat weighing 56 pounds per bushel at 26 percent moisture to $90.72 per ton for wheat weighing 64 pounds per bushel at 16 percent moisture. Also unaltered in 1969 will be the support price payable to growers for wheat dried by them. Top price will be $96 per ton for wheat with 14.5 percent moisture or less, delivered.

Irish flour millers will be required by government regulations to pay the milling wheat support price for all wheat officially classified as millable. It is likely that millers will be required to pay this support price for all wheat officially classified as potentially millable. The Irish Government probably will support the price of unmillable wheat at the same level as feed barley, as in the past.

The government reserves for Irish farmers 75 percent of Ireland's annual requirements for milling wheat; it estimates this share will amount to 240,000 long tons dried weight in 1969. Production of millable wheat in excess of the milling requirements is usually disposed of as animal feed.

The standard support price for feed barley during 1969 will be $57.60 per long ton with 20 percent moisture, delivered to the purchaser's premises. This is an increase of $3.60 over 1968. —Based on dispatch from EUGENE T. RANSOM
U.S. Agricultural Attaché, Dublin

The Far East and Oceania

Agricultural Production Indicators—1968

This is the second in a series of four articles that gives regional and country information on agricultural production performance in 1968. The index numbers and other figures presented here are based on preliminary crop estimates available before December 1968. Revised estimates received from the countries during early 1969 will be used to adjust figures and indices.

Preliminary world indices and some regional trends were given in Foreign Agriculture, *January 6, 1969, page 4; figures for Africa and West Asia were in the January 13 issue of* Foreign Agriculture, *page 6.*

Agricultural production in the Far East increased 3.2 percent in 1968, reaching an index number of 133 (1957-59=100). Population increased 2.4 percent. Production per capita rose one point over 1967, but the 1968 index of 106 showed no real gain over the level persisting from 1961.

The Far East

Production in 13 countries of the Far East weighted by 1957-59 average prices prevailing in each country was valued at US $27.3 billion in 1968. India, with 48 percent of the population, accounts for an equal share of the agricultural production. Thus, changes in production in the region depend in large part on what happens in India.

Production in the Far East increased about $850 million over 1967. India gained 3.6 percent, or about $460 million. India's greater production was 54 percent of the entire regional growth. The next largest gainer was Pakistan—up about $120 million, or 5.4 percent. In other countries value increases were smaller in magnitude; but some showed larger percentage jumps. For example, the value advance in Indonesia was about $75 million, or 6.4 percent; and in Ceylon it was $36 million, or 8.4 percent.

Japan, the second largest producer after India, accounts for one-fifth of the Far East's output. But its gain in value of production in 1968 was only $42 million, or less than 1 percent. Two countries had smaller production in 1968 than in 1967. South Korea showed a slight drop (less than 1 percent); production in South Vietnam fell off 5.4 percent.

Dollar-value yardstick

Change for a given country represents the net effect of gains or losses for the several products measured for that country. In India, for example, value gains for wheat, barley, pulses, sugarcane, rapeseed, and potatoes totaled $865 million. On the other hand, total value decline for rice, millet and sorghum, peanuts, and jute was $390 million. Output of other commodities also had value changes during the year. The net value advance for India was $460 million.

For the region as a whole, notable changes included increased production of wheat in India ($430 million), pulses in India ($270 million), and wheat in Pakistan ($110 million). These three together totaled $810 million and were nearly equal to the net gain for the region. In other words, the changes in all other products and countries were almost self-canceling. And except for the value drops in Indian rice ($158 million) and millet and sorghum ($113 million), all other changes were of much smaller magnitude—generally less than $50 million.

Rice is the principal crop of the region—nearly half of the entire agricultural output. Rice production declined nearly 1 percent in 1968. Gains in Indonesia, Thailand, and the Philippines were more than offset by losses in India, Japan, South Korea, and South Vietnam.

The wheat crop is next in importance in the Far East but makes up less than 7 percent of the total agricultural production. Wheat output climbed 40 percent during 1968 because of the advanced technology applied in India and Pakistan.

Sugarcane and rubber each account for nearly 4 percent of the agricultural output of the region. An increase in cane production in India, the largest producer, was offset by a decline in Pakistan, and there was no net change for the region. Rubber production rose 3.5 percent. West Malaysia is the largest producer and was responsible for most of the gain.

Oceania

During 1968, Australian farm production soared 17 percent—a good recovery over the 1967 drought year. Output of wheat, barley, and oats roughly doubled from 1967, and good gains were made for most other products. Total agricultural production in New Zealand inched up by 1 percent. Outputs of meat and wool were up substantially, but milk production had a marked drop. —RILEY H. KIRBY

Foreign Regional Analysis Division, ERS

AGRICULTURAL PRODUCTION FOR SELECTED COUNTRIES OF THE FAR EAST AND OCEANIA, CALENDAR YEARS 1967 AND 1968

Country	Index of production [1] 1967	Index of production [1] 1968 [2]	Value of production 1967	Value of production 1968 [2]	Change in value from 1967 to 1968	
			Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Percent*
Far East:						
Burma	105	109	203	212	+9	+4.4
Cambodia	123	124	92	93	+1	+1.3
Ceylon	134	146	427	463	+36	+8.4
India	125	130	12,772	13,230	+458	+3.6
Indonesia	116	123	1,183	1,259	+76	+6.4
Japan	130	131	5,288	5,330	+42	+0.8
Korea, South	138	138	1,056	1,052	−4	−0.4
Malaysia, West	146	155	832	884	+52	+6.2
Pakistan	138	145	2,222	2,343	+121	+5.4
Phillippines	137	142	840	868	+28	+3.3
Taiwan	144	151	468	490	+22	+4.7
Thailand	159	164	827	852	+25	+3.0
Vietnam, South	109	104	236	223	−13	−5.4
Total Far East	129	133	26,448	27,301	+853	+3.2
Oceania:						
Australia	127	149	3,216	3,775	+559	+17.4
New Zealand	130	131	1,091	1,104	+13	+1.2

[1] 1957–59 = 100. [2] Preliminary; to be revised March 1969.

World demand for grapefruit has been increasing in recent years, but at the same time competition for the market has tightened as more countries export in greater volume, so that old trade patterns are shifting.

World Grapefruit Supply Expands To Meet Demand

World production of grapefruit has been expanding rapidly during this decade. Now—after a season of short supply in 1967-68—output in the major producing countries for the coming year is projected at an alltime high of about 74 million boxes (equivalent 80 lb.), slightly above the previous record set in 1966-67.

Supplier of over three-fourths of the world crop in recent seasons, the United States has long been a major world grapefruit producer and exporter. Although its position as top producer remains unchallenged, the United States has been replaced recently as the world's leading exporter of grapefruit by Israel.

Though shorter grapefruit supplies in the United States in 1967-68 resulted in a smaller export volume, this should be only a temporary setback in the recent uptrend in the U.S. grapefruit trade. Export forecasts for the 1968-69 season are optimistic. Total U.S. production this season is estimated at 2.1 million metric tons, the largest since 1947-48. The crop in Florida, which produces about 80 percent of the U.S. grapefruit supply, is forecast at 44.5 million boxes, a sizeable increase over the 34.8-million-box output during 1967-68. (A freeze occurred in Florida in mid-December, but a report on any possible damages to the grapefruit is yet to be issued.) Texas and California also anticipate larger crops, but production in Arizona is down from last season.

Major import markets

Canada and the countries of Western Europe are the chief world import markets. From two-thirds to three-fourths of U.S. exports in recent years has gone to Canada, where the United States has supplied at least 97 percent of Canadian imports every year in this decade. Western Europe, on the other hand, is an area of increasingly stiff competition for grapefruit sales even though the West European market is expanding. Imports totaled 6.7 million boxes in 1967, 83 percent more than in 1960. However, the U.S. share has dropped steadily in recent years. Two developments have occurred to lessen the share of the market held by the United States. The reduction in U.S. supply in 1957 and in several years thereafter, plus a strong domestic market in the United States, gave competitors an opportunity to exploit the Western European market. At about the same time, the world demand for grapefruit began to increase sharply.

Competitors for the European market

Of U.S. competitors in the European market the major one is Israel, whose efforts over the last two decades to make Israeli citrus well-known in major consuming countries have resulted in an expanding export industry.

Israel, the major winter supplier to the countries of Western Europe, is continuing to enlarge its stature among grapefruit producers and exporters—both in sheer output and market dominance. Israeli sales abroad in 1967-68 were more than three and one-half times the 1.19 million boxes exported in 1961-62. Israel's output in the current season—estimated at 7.6 million boxes—is the sixth record crop in a row; yet this is only a fraction of U.S. production. During 1968-69 U.S. production is set for more than 58 million boxes.

Other prominent grapefruit producers and exporters include South Africa, the third-ranking world producer in 1967 and principal summer supplier to the European market, and Cyprus, where production is expanding and marketing procedures are being modernized in order to succeed in this field of tightening competition. Producers in the British West Indies are small-volume traders that are important for being longstanding suppliers to the large U.K. market.

The markets in Europe

West Germany, France, and the United Kingdom take about 79 percent of Western Europe's grapefruit imports, and Israel continues to be the leading supplier in each of these markets.

West Germany, our No. 1 European outlet for grapefruit in 1960 with 134,000 boxes, has been the fastest growing major European market since 1960. In that year only 635,000 boxes were imported, compared with 1.7 million in 1967 when the United States supplied only 109,000 boxes. During this period supplies from Israel jumped from 292,000 boxes to 860,000.

The United States supplied 21 percent of the French grapefruit market in 1967 and is France's second-ranking supplier, despite the fact that U.S. prices have been above those of competitors. Israel supplied one-half of the imports in 1967. At 1.3 million boxes, grapefruit imports in 1967 more than doubled the 1960 level.

In December, 1967 the United Kingdom, the world's largest grapefruit importer, eased the restrictions that have barred imports from the United States during certain months. The restrictions on U.S. grapefruit, originally intended to protect the British West Indies grapefruit exports, became a large factor in establishing Israel as the leading supplier to the U.K. market. Shortening the prohibited period from October-February to October-December should have helped U.S. sales, but a short U.S. crop and devaluation by both the United Kingdom and Israel gave Israel additional advantages. Of the 2.2 million boxes of grapefruit imported in 1967, Israel supplied about one-third, and the United States only 2 percent.

Popularity of the processed grapefruit

Fruit juices are one of the food categories surest to expand in the coming decade. And it is the United States—perhaps more than any other producer—that stands to gain from this trend to processed fruit. Israel, as well as most other producers, relies most heavily on the fresh market. Outlook for the United States is promising because the United States is not only producing more grapefruit than any other country, but is already processing more than anyone else. Expanding U.S. juice sales to Western Europe are already reflecting the success enjoyed by a new product on the European market—U.S. chilled juice in glass containers. —M. C. L.

Beans: A Cornerstone of Brazil's Varied Fare

In Brazil one of the staples of the diet is beans. Both the variety and the quantity consumed can be startling to those with different culinary habits. That Brazil produces more beans than any other country in the world and in 1968-69 expects a supply of 2.2 million metric tons does not really impress the bean novice. Some other figures may. The biggest bean market in Brazil is Rio de Janeiro. On the average, 350 metric tons of just one type of bean, the black variety, is consumed each day. If the population of Rio de Janeiro is estimated at 4 million, consumption works out to about one-fifth pound of dried black beans (considerably more in weight, of course, when cooked) for every man, woman, and infant in the metropolitan area each day. The population of Pôrto Alegre, a city of about 840,000 in southern Brazil, eats 60 tons of black beans a day or about one-sixth pound for each person. In the last half of 1968 in Rio de Janeiro prices ranged from US $0.07 to $0.10 per pound for black beans.

About 40 percent of Brazil's total bean output and consumption is of black beans. Black beans are cleaned, classified, highly polished, and sold in packages of ½, 1, 2, and 5 kilos for home use and in 60-kilo bags for restaurant and institution use. The popularity of black beans is partly because they are a prime ingredient of a Brazilian national dish —feijoada (pronounced fay-zwhaw'-da). Feijoada has many variations, but in its simplest form is a stew of meat and black beans served with rice.

In the south, where most black beans are raised and eaten, Brazilians distinguish between several varieties. In addition to the common black bean, which may have been brought to Brazil by the Portuguese around 1720, there is the Uberabinha, which is considered the aristocrat of black beans. The Uberabinha retains its cooking quality over long periods but comes from a plant whose yield is sparse. A third variety that has a good yield, Bolinha, is a descendant of North American black beans crossed with Brazilian black beans.

Although black beans are the single most popular type, Brazilians also grow and eat some 130 to 140 varieties of colored and white beans. Colored beans are carefully graded for market and are priced by variety. Partisans of one variety are likely to feel that their favorite is superior to other varieties. In general, the chief areas in Brazil of growth and consumption of colored beans are farther north than the centers of production and use of black beans.

Some of the commercially best-accepted light and colored bean types are Rocinha, Chumbinho (also called Mulatinho), Opaco ("without shine"), Bico de Ouro ("golden beak"), Rosinha ("rose colored"), Jalo (also called Enxôfre, or "sulfur"), Rajado and a subtype Cavalo Claro ("light-colored horse"), and White. White beans are grown in southern Brazil and are eaten in all the large cities. Special mention should be made of Feijaõ de Corda, which are grown and consumed in large quantities by the economically depressed people in northeast Brazil but which do not have large commercial sales. Feijaõ de Corda grow rapidly (they take only 30 to 40 days to mature), but they have the drawbacks of unpredictable yield and short storage life.

Nearly all Brazilian beans are grown on small farms and are planted, cultivated, and picked by hand labor. Often farmers interplant beans with corn in such a way that the growing bean stems can climb on the mature corn stalks. The center of bean production is the State of Paraná, which alone grows 25 percent of Brazil's total bean output.

Generally Brazil produces more beans than it consumes, but occasional lesser crops tend to even out supply and demand. Bean consumption is rising and production is keeping pace because of the stable prices for beans due to the government's price support program. At present the Brazilian Government holds 150,000 metric tons of dry beans in stock, of which 60,000 tons are colored beans that the government would like to export.

—Based on dispatch from JOHN C. MCDONALD
U.S. Agricultural Attaché, Rio de Janeiro

Japan's Cotton Mills Hum

In the first 3 months (August-October 1968) of the current marketing year Japan's cotton mills have made heavy purchases and imports of raw cotton, especially medium-to-longer staples. Total imports of all types of raw cotton during the 3 months were 823,446 bales (480 lb. net)—up 22 percent compared with the same period in 1967. Imports from the United States were up 14 percent to 243,319 bales, those from Mexico climbed 26 percent to 138,738 bales, and those from the Soviet Union leaped 107 percent to 89,672 bales.

The upsurge in buying was due to the expectation of a tight supply of medium-to-longer staples for some time because of the short 1967-68 Arizona-California crop of medium and long staple cotton. Japanese mills have reportedly bought forward for their requirements about a 4-month supply of short staple and about a 6-month supply of medium-to-long staple. Large supplies of medium and long staples are desired by Japanese mills because of increased use in recent years of these types. Among other factors, higher count yarns are more profitable for mills and modern high-speed machinery requires the longer staples.

Japan's mill consumption of raw cotton during August-October 1968 is estimated at 822,132 bales, about 4 percent more than was used during the same 3-month period a year earlier. The increase was stimulated by brisk domestic sales of cotton textiles. Prospects for textile sales for the remainder of the cotton-marketing season are favorable.

—Based on dispatch from ELMER W. HALLOWELL
U.S. Agricultural Attaché, Tokyo

New Blow to Chile's Livestock

Chile's livestock, already hard hit by the 1968 drought, is now being attacked by the worst epidemic of foot-and-mouth disease in the last 10 years in the country. Among the areas seriously affected is the Province of Santiago, where outbreaks have been reported on almost all of the dairy farms near the capital city. The strain of the disease affecting Chilean cattle is the A-26 variety. The Servicio Agrícola y Ganadero (SAG) is importing vaccine from Argentina to fight the disease.

U.S. Success at Thai International Fair

Over 750,000 Thais came to Thailand's first international trade fair held December 12-29 in Bangkok. Seventy percent of these consumers, who for some time have been interested in high-quality U.S. foods, visited the U.S. Food and Agricultural Exhibit. Here they saw, sampled, and bought 422 U.S. food products—many of them in Thailand for the first time.

For the United States, entry was a followup on the U.S. Food Exhibition and Seminar held the previous year. Twenty-seven U.S. processed food firms and four trade associations representing agricultural commodities took part in the exhibit.

High on the list of favorites were tomato and fruit juices, jellies and jams, assorted cereal products, popcorn, soups, and honey. Canned and packaged foods, because of their high cost and rarity for general use, are usually held at a high premium, especially in up-country areas. Many visitors were interested in learning how to handle processed foods properly.

All salable items shipped from the United States were sold by the end of the 13-day fair.

Not for sale but exciting a great deal of interest among both government and trade representatives was the display of textured vegetable protein products of a pork-flavored high-content protein food made from soybeans. This protein-packed substitute, while not being ham, looks and tastes reasonably like the more expensive natural product.

Reports by participating U.S. firms show satisfaction with the trade contacts made. Many exhibitors commented favorably on the excellent exposure to extremely heavy crowds. Paid admissions numbered as high as 85,000 on some days. Grocery Manufacturers of America, which represented the U.S. firms with products new to the market, noted an active interest on the part of importers seeking agency ties.

The U.S. wheat exhibit at the fair was given a regal touch when a distant relative of the King of Thailand, Benchapa Chakrabhandu, daughter of the Director General of Agriculture Prince Chakrab-

handu, agreed to demonstrate sandwich making during the fair. The emphasis of the wheat promotion was on sandwiches—more than 1,000 bite-size sandwiches were eaten daily by the visitors. Thailand's annual per capita wheat consumption of 3 pounds is low even by Asian standards.

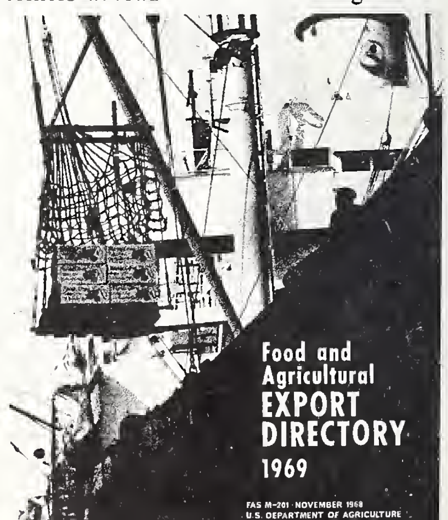
Left, one of the most popular booths at the U.S. exhibition in Bangkok was this one where pork-flavored high-content protein food made from soybeans was consumed as fast as the cooks prepared it. Above, right, Princess Benchapa prepares sandwiches for visitors to the wheat exhibit.

New Export Reference

Recently published by USDA's Foreign Agricultural Service is the export directory whose cover is depicted below. This 44-page pamphlet provides for the first time in one publication a listing of many of the sources of information assistance available to firms with agricultural products to sell in the export market.

Both public and private sources are listed under headings including branches of the Federal Government, State Government agencies, trade associations, and government and nongovernment publications useful to exporters.

The need for reference of this type is growing. U.S. exports of food and agricultural products have nearly doubled since 1956 and can be expected to increase even further. This means that the number of U.S. firms interested in learning the ropes in selling to customers abroad will continue to grow.



Soy Drink Acceptability in Korea

Korean response to a new U.S. soy beverage tested as part of a school lunch program has encouraged its early introduction into the commercial market.

The test was conducted by the Korean Government with 20,602 pupils ages 6-14 during the school year completed last spring. Over 80 percent of the children voted the drink either good or very good—with just over half in the latter category, along with 96 percent of their teachers.

During the test period each pupil was served daily 30 grams (1 oz.) of soy powder mixed as a beverage to drink with his regular lunch under the program. The program was organized in Korea by the Korean Government's Ministry of Education and Ministry of Health and Social Affairs in cooperation with the Agency for International Development. USDA supplied the product and instructions for the project.

Along with evaluation of the product came suggestions to further improve the beverage's acceptability.

CROPS AND MARKETS SHORTS

First Estimate for U.S. Meat Imports

The Secretary of Agriculture announced on January 2 that the first quarterly estimate of meat imports into the United States during 1969 places the expected total at 1,035 million pounds.

He pointed out that this quantity is roughly 50 million pounds below the amount which would call for Presidential action to invoke meat import quotas for 1969.

The Secretary said that this estimate would have been higher were it not for restraints to be placed on shipments to the United States by principal foreign suppliers during 1969. In November and December discussions were held by the Department of State with the Governments of all of the major countries exporting these meats to the United States. Commitments were made to limit exports to the United States, and these limitations are reflected in the new estimate.

The program of voluntary commitments for 1969 continues the program of restraints effected by these suppliers during the last quarter of 1968.

Public Law 88-482, enacted in August 1964, provides that if yearly imports of certain meats—primarily beef and mutton—are estimated to equal or exceed 110 percent of an adjusted base quota, the President is required to invoke a quota on imports of these meats. The adjusted base quota for 1969 is 988.0 million pounds. The amount of estimated imports which would trigger its imposition is 110 percent of the adjusted base quota or 1,086.8 million pounds.

The Secretary noted that the domestic demand for beef continues to be strong and that current prices received by farmers for cattle are above year-earlier levels.

A listing of the imports of meat subject to P.L. 88-482 by months from January 1965 through October 1968 follows.

Month	1965	1966	1967	1968
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
January	28.2	51.4	77.4	80.7
February	34.5	60.3	58.5	72.6
March	68.7	49.4	61.9	64.1
April	32.4	63.3	58.8	78.3
May	52.3	52.0	51.5	56.1
June	41.9	100.2	69.6	105.0
July	58.5	61.4	88.7	86.4
August	59.9	87.1	92.2	108.6
September	62.2	91.5	89.7	115.5
October	64.4	79.7	91.8	102.1
November	57.2	61.1	82.3	—
December	53.7	66.0	72.4	—
Total	613.9	823.4	894.9	—

U.S. Livestock and Meat Products Trade

For the fourth consecutive month U.S. exports of most categories of livestock and meat products in November were above year-earlier levels. At the same time imports also continued to be above year-earlier levels.

Total red meat exports in November were more than double the level recorded in November 1967, bringing the 11-month total up 24 percent over the same period in 1967. Pork exports contributed substantially to this increase, as November exports were more than three times the level recorded for 1967 and the 11-month total was up 53 percent. Variety meat exports were up 28 percent in November compared to November 1967, but the 11-month total was 2 percent below the same period last year. Mohair exports were up substantially from 1967. Hide and skin exports have shown gains in all major classes so far in 1968. Exports of animal fats continued to be below year-earlier levels. The recently announced Lard Export Subsidy program is expected to boost lard exports substantially in 1969.

Practically all categories of U.S. livestock and meat product imports for January-November 1968 were above 1967 levels. Although January-November imports of beef and veal in-

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	November 1967	November 1968	Jan.-Nov. 1967	Jan.-Nov. 1968
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	26,674	19,506	180,479	160,121
Tallow and greases:				
Inedible	185,519	163,683	2,061,155	2,011,792
Edible	3,141	2,754	16,646	10,443
Meats:				
Beef and veal	2,605	2,596	28,806	24,850
Pork	4,436	17,317	46,572	71,272
Lamb and mutton	131	349	1,522	1,804
Sausages:				
Canned	103	117	1,072	1,290
Except canned	182	242	2,118	2,644
Meat specialties:				
Canned	239	147	2,141	1,436
Frozen	178	123	2,131	1,658
Other canned	591	1,213	7,293	8,476
Total red meats[1]	8,464	22,099	91,650	113,441
Variety meats	20,197	25,812	206,822	201,765
Sausage casings:				
Hog	731	866	5,796	6,047
Other natural	338	375	3,857	3,596
Mohair	1,195	3,268	8,514	14,429
Hides and skins:				
Cattle parts	3,853	3,114	40,603	31,860
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,133	1,187	10,987	11,685
Calf	179	127	1,780	1,763
Kip	54	34	450	331
Sheep and lamb	357	396	3,490	3,701
Horse	3	8	57	71
Goat and kid	10	[2] 12	252	[2] 216
	Number	*Number*	*Number*	*Number*
Live cattle	8,062	2,325	55,322	33,072

[1] May not add due to rounding. [2] Unpublished Census data. U.S. Department of Commerce, Bureau of the Census.

creased to 1,069 million pounds as compared to 902 million pounds in the first 11 months of 1967, beef cattle prices remain well above year-earlier levels. As a result of the large increase in beef and veal imports, total red meat imports for January-November were 17 percent above the same period last year. In response to a good demand for replacement animals, live cattle imports—primarily feeder cattle—continued upward.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	November 1967	November 1968	Jan.-Nov. 1967	Jan.-Nov. 1968
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen.....	469	746	4, 362	9, 201
Fresh and chilled....	1, 043	996	5, 966	16, 721
Boneless beef..	73, 096	89, 165	749, 692	859, 779
Cuts (prepared)	77	133	1, 091	1, 571
Veal.........	966	1, 567	13, 337	17, 883
Canned beef:				
Corned.....	8, 347	9, 292	80, 071	86, 138
Other, incl. sausage...	681	1, 760	11, 402	14, 061
Prepared and preserved...	4, 176	5, 397	36, 125	63, 993
Total beef & veal [1].	88, 853	109, 055	902, 045	1, 069, 336
Pork:				
Fresh and frozen.	4, 126	3, 319	43, 700	45, 322
Canned:				
Hams and shoulders...	15, 480	18, 592	187, 016	208, 442
Other........	2, 571	3, 097	36, 557	36, 920
Cured:				
Hams and shoulders...	99	202	1, 638	2, 000
Other........	326	278	3, 887	3, 708
Sausage........	175	211	2, 268	2, 192
Total pork [1]...	22, 778	25, 700	275, 069	298, 581
Mutton and goat..	.6, 762	3, 338	49, 106	61, 752
Lamb............	1, 316	5, 270	10, 519	19, 855
Other sausage.....	542	792	5, 616	6, 891
Other meats, n.s.p.f.	722	1, 045	13, 207	11, 127
Total red meats[1]	120, 972	145, 201	1, 255, 557	1, 467, 547
Variety meats.......	523	372	3, 134	3, 523
Wool (clean basis):				
Dutiable..........	8, 277	7, 394	99, 384	119, 355
Duty-free.........	8, 662	9, 021	68, 901	111, 982
Total wool [1]...	16, 938	16, 414	168, 285	231, 334
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle............	32	48	194	456
Calf.............	38	48	437	455
Kip.............	31	35	335	264
Buffalo...........	45	27	357	460
Sheep and lamb...	910	914	18, 978	30,163
Goat and kid......	489	369	6, 719	4,930
Horse............	24	28	168	244
Pig...............	27	55	1, 016	712
	Number	*Number*	*Number*	*Number*
Live cattle [2].........	130, 403	150, 936	612, 941	843,304

[1] May not add due to rounding. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

When available, U.S. meat import records are expected to show a sharp decline for December owing to voluntary shipping restraints by the major suppliers of meats subject to the Meat Import Law. This law covers fresh, chilled and frozen beef, veal, mutton and goat meat.

November U.S. Tobacco Imports Increase

Following some lag in the previous 3 months November general imports (arrivals) of unmanufactured tobacco were about 9 percent heavier than in November 1967. The imports reached 16.7 million pounds in the current month, compared to 15.4 million in November 1967. The increase was in cigar leaf and scrap categories with cigarette leaf continuing to lag.

For the year to date total arrivals are 225.5 million pounds, valued at $126.5 million. In the same period of 1967 arrivals were 226.6 million pounds, valued at $138.6 million. About two-thirds of the import volume represents oriental cigarette leaf coming principally from Turkey and Greece. The cumulative volume and value of cigar leaf and scrap are larger than in the same period of 1967.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Item	1967 Quantity	1967 Value	1968 Quantity	1968 Value
January-November:	*1,000*	*1,000*	*1,000*	*1,000*
Cigarette leaf	*pounds*	*dollars*	*pounds*	*dollars*
(flue & burley).......	693	216	7, 857	2, 313
Cigarette leaf, other ...	181, 866	122, 979	149, 955	100, 436
Cigar wrapper.........	296	1, 411	439	1, 819
Mixed filler & wrapper..	472	1, 077	406	1, 797
Cigar filler, unstemmed.	17, 919	6, 401	29, 108	9, 213
Cigar filler, stemmed...	2, 006	2, 264	2, 582	3, 218
Scrap................	23, 396	4, 236	35, 125	7, 708
Total [1]............	226, 648	138, 584	225, 472	126, 504
November:				
Cigarette leaf				
(flue & burley).......	39	12	6	3
Cigarette leaf, other ...	11, 899	7, 854	10, 729	6, 769
Cigar wrapper.........	11	65	84	379
Mixed filler & wrapper.	12	45	0	0
Cigar filler, unstemmed.	552	221	1, 267	471
Cigar filler, stemmed...	180	214	133	167
Scrap................	2, 675	571	4, 502	634
Total [1]............	15, 368	8, 982	16, 721	8, 423

[1] Excludes stems.
Bureau of the Census.

Ireland Raises Tobacco Duties

For the third time in as many years Ireland has raised its customs tariff on tobacco. The latest increase became effective November 6, 1968. The new rates on unmanufactured tobacco are now the equivalent of U.S.$10.17 or $11.30 per pound (depending on moisture content) for unstemmed leaf and U.S.$10.175 or $11.305 per pound (depending on moisture content) for stripped or stemmed leaf.

The Irish customs tariff for manufactured tobacco includes a full and a preferential rate. In addition, due to the Anglo-Irish Free Trade Area Agreement (signed in 1965), there

is a special preferential tariff applicable to tobacco products manufactured in the United Kingdom.

Irish importers of cigarettes from all sources other than the United Kingdom now pay the full rate equivalent of U.S. $12.155 per pound. The preferential rate is applied only to tobacco products if not less than 5 percent of their value is the result of labor within the British Commonwealth. When applied, the preferential rate is granted only to that proportion of manufactured tobacco represented by leaf grown within the Commonwealth. The duty for cigarettes entitled to the preferential rate is equivalent to U.S.$10.30 per pound.

Under the Anglo-Irish Free Trade Area Agreement, the full rate for cigarettes manufactured in the United Kingdom is $11.427 and the preferential rate is $10.30. The full rate is being reduced each year until June 30, 1975, when all imports of U.K. manufactured tobacco will be subject to the preferential rate.

Iranian Dried Fruit Output Larger

Favorable weather conditions contributed to a larger Iranian dried fruit crop in 1968. Total production of dried apricots, dates, and raisins is estimated at 384,400 short tons, 5 percent above the 1967 total but below average. The crops of apricots (9,400 tons) and raisins (65,000 tons) were above 1967 and the 1962-66 average. Date production equaled that of 1967, but remained below average. Quality of the dried apricot and raisin crops in Azerbaijan was impaired by fungus attack.

Total exports of dried fruit during the 1968-69 season are expected to exceed those of 1967-68. Raisin exports are forecast at 44,000 tons, 33 percent above the 1967-68 season and 20 percent above average. Apricot exports are forecast at 7,700 tons, 13 percent above the 1967-68 total of 6,800 tons. Date exports are expected to approximate the 1967-68 level of 22,000 tons. The principal foreign markets for Iranian apricots during 1967-68 were the Soviet Union, East Germany, and West Germany. These countries plus the United Kingdom were the main buyers of Iranian raisins. The United States continues to be the main buyer of Iranian dates.

IRANIAN DRIED FRUIT PRODUCTION

Item	Average 1962–66	1966	1967	Estimated 1968
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Apricots	7.8	2.8	7.2	9.4
Dates	330.0	320.0	310.0	310.0
Raisins	56.0	70.0	50.0	65.0
Total	393.8	392.8	367.2	384.4

IRANIAN DRIED FRUIT EXPORTS

Item	Average 1962–66 [1]	1966	Preliminary 1967	Forecast 1968
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Apricots	5.9	2.5	6.8	7.7
Dates	28.9	30.9	22.0	22.0
Raisins	36.6	44.9	33.0	44.0
Total	71.4	78.3	61.8	73.7

[1] Year beginning March 20.

New West German Lettuce Import Tender

A second import tender permitting imports of iceberg lettuce from the United States was announced by the West German Government on December 19. (See *Foreign Agriculture*, Oct. 28, 1968, for information on the first import tender.)

No value limits were included in the new tender, and applications for import licenses will be accepted until May 29, 1969. However, announcement of an import embargo during the duration of the tender is possible. Such an embargo would invalidate import licenses 10 days after publication. Also, the imported product must meet the requirements of EEC quality Class II and the general plant quarantine regulations. Import licenses isued will be valid until May 31, 1969.

Success with several test shipments of U.S. iceberg lettuce shipped after announcement of the first tender prompted a request for this second one.

Weekly Report on Rotterdam Grain Prices

During the week of December 31, 1968, to January 7, 1969, offer prices for most U.S. wheats declined. U.S. Spring lost 2 cents while Hard Winter was down 1 cent. The offer for Soft Red Winter remained unchanged. USSR 121 increased 1 cent. Canadian Manitoba and Argentine offers were unchanged.

U.S. Yellow corn increased 2 cents, while Argentine corn decreased 5 cents. South African White was still unquoted.

Item	Jan. 7 1969	Dec. 31 1968	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.03	2.03	2.07
USSR 121	1.95	1.94	2.00
U.S. No. 2 Dark Northern Spring, 14 percent	1.91	1.93	1.95
U.S. No. 2 Hard Winter, 14 percent	1.91	1.92	1.84
Argentine	1.78	1.78	1.78
U.S. No. 2 Soft Red Winter	1.75	1.75	1.74
Corn:			
U.S. No. 3 Yellow	1.39	1.37	1.41
Argentine Plate	1.46	1.51	(1)
South African White	(1)	(1)	1.45

[1] Not quoted.

All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Crops and Markets Index

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEE PAID
U.S. DEPARTMENT OF AGRICULTURE

U.S. Import Quotas Set on More Dairy Products

On the basis of an investigation and report by the U.S. Tariff Commission, virtually all dairy products have now been included within the U.S. dairy import quota system. A proclamation by the President dated January 6, 1969, continues the emergency import quotas set up last year for canned milk and certain types of cheese; it also brings some other dairy products under import controls for the first time.

The Tariff Commission investigation was undertaken last year at the request of the Secretary of Agriculture. With the new action, U.S. imports of all dairy products during 1969—both within and outside the import control system—are expected to total an estimated 1.3 billion pounds (milk equivalent). This would mean a reduction of nearly 50 percent from the average for 1966-68, bringing these imports back somewhat closer to the level that prevailed before 1966, when foreign dairy products began entering in large quantities.

The new annual import quotas beginning January 1, 1969, together with the previous emergency quotas and 1967 and 1968 imports of the products, are as follows:

Product	Import quotas: New annual	Import quotas: Emergency	Imports: 1967	Imports: 1968[1]
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
Evaporated and condensed milk	5, 391	5, 391	5, 391	11, 057
Processed Edam and Gouda cheese	3, 151	3, 151	3, 151	14, 400
Processed Italian-type cheese	1, 494	(2)	1, 494	1, 534
Emmenthaler cheese costing less than 47 cents a pound	4, 271	4, 271	[3] 14, 355	[3] 37, 900
Gruyere-process cheese costing less than 47 cents a pound	3, 289	3, 289	[3] 9, 836	[3] 20, 500
"Other" cheese costing less than 47 cents a pound	25, 001	17, 501	[3] 22, 991	[3] 41, 500
Chocolate milk crumb	17, 000	(2)	21, 544	45, 000

[1] Estimated on basis of preliminary January-November foreign trade statistics. [2] Not previously covered. [3] All imports irrespective of valuation.

In addition, butterfat-sugar mixtures in retail-size packages have been brought under the 2,580,000-pound import quota for butterfat-sugar mixtures. Trade in such packages did not exist at the time when the quota was established, in July 1967.

With the new import quotas in effect, the only cow's milk products remaining outside the U.S. import control system will be Emmenthaler, Gruyere-process, and "other" cheeses costing 47 cents a pound and over, f.o.b. These are the high-priced specialty cheese such as are normally sold at gourmet food counters and stores. Cheeses made from goat's and sheep's milk also remain unrestricted, except for most Blue Mold types.

U.S. dairy imports are limited under Section 22 of the Agricultural Adjustment Act (as amended) whenever the President finds that their level is such as to interfere or threaten to interfere materially with the U.S. price support program for milk and butterfat.

Section 22 provides for temporary import quotas on the recommendation of the Secretary of Agriculture without waiting for a final report by the Tariff Commission; and under this provision of the law, the President placed emergency import quotas on canned milk in June 1968 and on most of the cheeses concerned in September 1968.

Last June, in announcing the emergency import quotas for canned milk and recommending the Tariff Commission investigation for other products, Secretary Freeman pointed out that the worldwide dairy surplus was causing dairy products to be unloaded on the U.S. market in excessive quantities and usually at subsidized prices that the U.S. industry cannot meet. Particularly threatening, he noted at the time, were imports of low-priced cheeses brought in for processing. When it became evident that suppliers were attempting to bring in abnormally large amounts in anticipation of the Tariff Commission's report, the emergency provisions of Section 22 were again invoked. (See *Foreign Agriculture*, June 24 and Oct. 7, 1968.) The Commission's report, released January 6, 1969, agreed that unrestricted imports would interfere with the dairy program and recommended that imports be limited.